

LEGAL RISKS

By understanding legal issues and the tools for managing legal risk, farmers can protect themselves against lawsuits and unexpected events. This is the first step towards providing peace of mind in an otherwise uncertain business world.

Areas where farmers face the most legal risks are: **structural issues** (partnerships, corporations, LLCs); **contracts** (mortgages, leases, farm programs, insurance); **statutory obligations** (taxes, worker safety, nondiscrimination); **tort liability** (injuries, wrongful discharge); and, **environmental liability** (pesticide drift, water quality).

HUMAN RESOURCE RISKS

How do you ensure family members commit to business plans and objectives? Where can you find motivated and competent employees? Human resource risks must be addressed on today's farms.

Identifying **alternative labor sources**, **sound employee management practices**, **estate planning**, and **family counseling** are common tools available to manage human resource risks.

WHERE CAN I GET HELP?

Members of the New Hampshire Risk Management Initiative Planning Group are:

NH Dept. Agriculture, Markets & Food

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New Hampshire

*Department of Agriculture,
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UNIVERSITY of NEW HAMPSHIRE
COOPERATIVE EXTENSION



A RISK MANAGEMENT FARM PLAN BEGINS WITH YOU



IDEAS FOR NEW HAMPSHIRE
FARMERS & GROWERS

“I encourage every New Hampshire farmer to build a risk management plan and to avail themselves of crop and revenue insurance programs as a part of that plan.”

Stephen H. Taylor
Commissioner of Agriculture

RISK MANAGEMENT

New production strategies, changing consumer demand, dramatic revisions to Federal programs and new State programs have expanded both the choices and decisions that farm families are faced with on a daily basis.

Bringing these choices together in a way that specifically applies to your farming operation is what building a risk management plan is all about.

A risk management plan involves the farm family in identifying, analyzing and developing strategies to deal with five interrelated kinds of risk.

PRODUCTION RISKS

Confronting all farming operations are the everyday risks associated with weather, insects/pests, and equipment breakdowns.

Many New Hampshire farmers have responded to these uncertainties by **diversifying enterprises, employing new technologies and expanding farm capacity**. Others have profited from a variety of federally subsidized **crop and revenue insurance** programs.

Some of the State's farmers have benefited from Adjusted Gross Revenue insurance, which covers all agricultural revenue under one policy. AGR is especially designed for farmers who grow multiple crops and market them in many different ways.

In New Hampshire, specific crop insurance programs are available for apples, silage corn, grain corn, forage production, forage seeding, fresh market sweet corn, and field grown and containerized nursery plants. For all non-insurable crops, USDA's Farm Service Agency offers the Non-Insured Crop Disaster Assistance Program.

Recent Federal actions have dramatically increased the levels of subsidies on crop insurance premiums and eased the participation requirements for assistance programs. These changes have led many farmers to reevaluate these important risk management tools.

MARKETING RISKS

Price volatility, government program changes and global competition all contribute to farmers' marketing risks.

Being near large urban centers, New Hampshire growers have the opportunity to sell directly to consumers, reducing price risk. In addition, New Hampshire farmers may employ marketing tools similar to those used by larger Midwest operations.

Direct marketing and value added product sales are on the rise. Farmers' markets, roadside stands, pick your own operations, and community supported agriculture as well as catalogue marketing and Internet sales are all direct marketing avenues used by New

Hampshire growers. In addition, many farmers have responded to customer demand, producing new crops and livestock products desired by different ethnic cultures.

Storage facilities, cooperatives, hedging, options and marketing contracts are tools important to operators with wholesale markets. Some farmers have discovered that using crop and revenue insurance in conjunction with techniques to manage wholesale price risk significantly improves their profitability.

FINANCIAL RISKS

How much cash flow do you need to handle your debt repayment, operating costs, and family living expenses, and still have enough left over to grow your equity? Knowing the answer to that question is essential to successfully manage your financial risks.

The only reliable way to get at that information is good **record keeping** and sound **financial analysis**. Record keeping is also necessary for full participation in many government programs. Accurate, up-to-date records help farmers get the most out of their crop insurance policies and give lenders confidence in a producer's ability to repay loans.

With the knowledge gained from good records, farmers can better plan how to grow their business and set goals that meet the changing needs of their families.